

Message Text

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PAGE 01 STATE 294429

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TO AMEMBASSY LONDON

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

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E.O. 11652: N/A

TAGS: BEXP, UK, XF

SUBJECT: MAJOR UAE EXPORTER HAVING BOYCOTT DIFFICULTIES

REF: ABU DHABI 3193

1. COMMERCE WOULD PREFER HAVE CLEARER DEFINITION OF GRAY MACKENZIE'S (INCHEX) CONCERN OVER U.S. BOYCOTT REGULATIONS BEFORE ALERTING ITS U.S. SUPPLIERS AS REQUESTED PARA 5 REFTEL.

2. FOLLOWING MAY BE CONVEYED TO INCHEX RE CURRENT U.S. LAW AND COMMERCE REGULATIONS CONCERNING ARAB BOYCOTT: SECTION 369.2 OF EXPORT ADMINISTRATION REGULATIONS (EAR)

PROHIBITS COMPLIANCE WITH ANY BOYCOTT REQUEST THAT WOULD
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PAGE 02 STATE 294429

INVOLVE DISCRIMINATION AGAINST U.S. CITIZENS ON BASIS OF

RACE, COLOR, RELIGION, NATIONAL ORIGIN, OR SEX. (FYI-- SINCE SUCH REQUESTS EXTREMELY RARE, IT UNLIKELY THAT THIS IS CAUSE OF INCHEX CONCERN). EVEN THOUGH COMPLIANCE PROHIBITED, RECEIPT OF ANY SUCH REQUEST MUST BE REPORTED TO COMMERCE. AS TO ECONOMIC BOYCOTT REQUESTS (NOT INVOLVING DISCRIMINATION) OF TYPE COVERED BY SECTION 369.3 OF EAR, BASIC LEGAL OBLIGATIONS OF U.S. CONCERNS IS UNCHANGED--I.E., THEY ARE ENCOURAGED AND REQUESTED AS

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MATTER OF U.S. POLICY NOT TO FURNISH REQUESTED INFORMATION OR TAKE REQUESTED ACTION. U.S. CONCERNS (INCLUDING EXPORTERS AND RELATED SERVICE ORGANIZATIONS) WHICH RECEIVE OR ARE INFORMED OF BOYCOTT REQUESTS MUST REPORT SUCH RECEIPT TO COMMERCE. EFFECTIVE OCTOBER 1, 1975, REPORTING ENTITIES MUST ALSO INDICATE ON REPORT WHETHER OR NOT THEY WILL FURNISH REQUESTED INFORMATION OR TAKE REQUESTED ACTION. ON OCTOBER 7, 1976, COMMERCE ANNOUNCED THAT REPORTS TO COMMERCE OF BOYCOTT REQUESTS RECEIVED FROM THAT DATE FORWARD WOULD BE MADE AVAILABLE FOR PUBLIC INSPECTION AND COPYING.

3. LEGISLATION PROPOSED IN LAST SESSION OF CONGRESS WOULD HAVE LEGALLY PROHIBITED COMPLIANCE BY U.S. FIRMS WITH CERTAIN TYPES OF BOYCOTT REQUESTS. SUCH LEGISLATION NOT ENACTED, BUT EXPECTED TO BE REINTRODUCED IN NEXT SESSION. IT POSSIBLE THAT RUMORS OF PASSAGE OF LEGISLATION PROHIBITING COMPLIANCE WITH BOYCOTT CONDITIONS (PARA 2 REFTTEL) CONCERN CALIFORNIA LAW. BANK OF AMERICA AND OTHERS IN CALIFORNIA HAVE APPARENTLY ACTED ON BASIS OF SUCH AN INTERPRETATION OF THIS LAW, ALTHOUGH IT DOES NOT TAKE EFFECT UNTIL JANUARY 1, 1977 AND DEGREE TO WHICH IT WILL RESTRICT COMPLIANCE IN ACTUAL IMPLEMENTATION IS NOT YET KNOWN. POINT IS THAT CURRENT LEGAL SITUATION UNDER COMMERCE REGULATIONS IS AS DESCRIBED PARA 2 ABOVE.

4. WOULD HELP TO KNOW IF INCHEX CONCERN IS THAT U.S. SUPPLIERS MAY BECOME RELUCTANT TO PROVIDE BOYCOTT
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PAGE 03 STATE 294429

CERTIFICATIONS BECAUSE OF NEW POLICY OF PUBLIC DISCLOSURE OF BOYCOTT REQUEST REPORTS. ALSO OCCURS THAT ANTI-BOYCOTT PROVISIONS OF TAX REFORM ACT MAY BE SOURCE OF INCHEX CONCERN, ALTHOUGH GUIDELINES FOR IMPLEMENTATION THESE PROVISIONS STILL BEING FORMULATED.

5. ACTION REQUESTED: EMBASSY LONDON REQUESTED GET FROM INCHEX A MORE PRECISE DEFINITION OF ITS CONCERNS

WITH U.S. REGULATIONS SO THAT COMMERCE CAN MORE
PRODUCTIVELY APPROACH ITS U.S. SUPPLIERS. KISSINGER

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